



## **DVARA KGFS RAISES INR 97 CRORE in SERIES – E Fundraise**

*~This new funding will enable the company to pursue its expansion in new geographies and strengthen its presence in existing geographies*

*~After the acquisition of NBFC MFI Varam Capital in April 2019, fresh round of funds raised*

**Chennai: Dvara Kshetriya Gramin Financial Services Private Limited (DVARA KGFS) (formerly Pudhuaaru Financial Services Private Limited)**, a pioneer in the financial inclusion space, raised **INR 97 crores** in a fresh round of equity funding. This new round of funding will enable the company to pursue its expansion into newer geographies, strengthen its presence in existing geographies and enhance its digital architecture to provide more customer centric services in rural India. This will also pave way for the company to improve its products and services.

The round was led by new investor **Stakeboat Capital**, with existing investors **LeapFrog Investment and Dvara Trust** participating, in order to maintain the company's accelerated growth. The Company's other major shareholder **Accion** participated with additional funds in 2018.

**ICICI Securities acted as exclusive financial advisor to this transaction.**

*Samir Shah, Executive Vice Chair & Group President of Dvara Trust commented "This infusion of new capital from a new investor and existing shareholders will significantly strengthen our existing presence and accelerate our growth into newer geographies as envisaged in our business plan. The funds will help us deliver highly personalised wealth management solutions to our rural customers across a range of touch points."*

**Michael Fernandes, Partner at LeapFrog Investments commented:** *"We are excited to continue our partnership and lead the current round of investment in Dvara KGFS, which continues to execute a differentiated and technology enabled strategy to deliver financial services to rural households in India."*

**Michael Schlein , President and CEO at Accion commented:** *"Accion believes in providing India's families and businesses with the financial services they need to build better lives, and we'll continue working with Dvara KGFS to help more of India's rural communities thrive," he said. Accion Chief Regional Officer for South Asia Abhishek Agrawal added, "Dvara KGFS' use of tech-n-touch to reach to more than 850,000 clients makes an important contribution to Accion's investment portfolio and our efforts to reach the underserved in India."*

**Vinay Subramanian, Investment Director at Stakeboat Capital commented:** *"It is a pleasure to partner a pedigreed institution like Dvara KGFS known for its pioneering efforts in rural finance, leveraging their uniquely deep rural footprint and customer-centric wealth management approach. What particularly excites us is their technological capabilities and deep contextual insights on rural households. With the exponential growth of mobile penetration in India, Dvara KGFS is well poised to serve the rural under-banked, offering seamless customer service on par with their urban counterparts, through increasingly digital means."*



*He also added, "It is our firm belief that Dvara KGFS will be a market leader at the interface of rural and fintech in the very near future, and we look forward to pivot this growth by being on the board."*

Dvara KGFS is also looking to raise more than 600 Cr debt from a variety of sources including banks, NBFCs, NCDs and ECB. After strengthening the entity following the acquisition of Varam Capital, Dvara KGFS will keenly focus on an organic and inorganic growth path to execute its business plan.

The company said that the fresh funds would be utilised for the acquisition of Varam business, investing in enhancing the fin-tech capability of the company and strengthening the management team. Dvara KGFS also plans to expand their presence into new states – Jharkhand and Chattisgarh along with deepening their presence in Tamil Nadu, Karnataka, Odisha and Uttarakhand. In addition, the funds would be utilised for introducing new products and services such as affordable micro housing loan product and deepening its Micro Enterprise loans and Jewel loans portfolio.

Dvara KGFS have reported revenue from its operations of Rs.163 Crores for 2018-19 and having assets under management of Rs.760 Crores.

**About Dvara KGFS:** Dvara KGFS, an NBFC, works with a mission to maximise financial well-being of every individual and every enterprise by providing complete access to financial services in remote rural India; Dvara KGFS has strong presence in Tamil Nadu, Uttarakhand, Karnataka and Odisha, spread across 33 districts with 249 branches and more than 8,44,845 enrolled customers today and plans to expand additional 76 branches in the current financial year following the infusion of this capital round.

#### **About the Promoter:**

##### **Dvara Trust:**

Dvara Trust is a private trust set-up with the mission of ensuring that every individual and every enterprise has complete access to financial services. The Trust invests in and supports commercial efforts that advance this mission and works towards bringing about systemic change that impacts millions of low-income households in India. Its research entity undertakes rigorous policy research that aims to bridge evidence gaps and generates policy-relevant insights

##### **About the Investor:**

##### **LeapFrog Investment:**

LeapFrog Investments is a private investment firm that invests in high-growth financial services and healthcare companies in emerging markets. The firm's investments have an annual growth rate of more than 40% and its companies reach approximately 130 million consumers, primarily in Africa and Asia.

LeapFrog invests capital, people and knowledge in purpose-driven businesses, helping them to grow, to be profitable and to have real social impact.

**Accion:**

Accion is a global non-profit with a mission to advance financial inclusion by giving people the financial tools to improve their lives. Founded as a community development initiative serving the poor in Venezuela, Accion is known as a pioneer in the fields of microfinance and fintech impact investing.

In order to meet the needs of those who are left out of – or poorly served by – the global financial sector, Accion leverages the power of the capital markets to help financial institutions reach scale and sustainability. Its three-pronged approach involves investing in financial service providers to maximize social impact and financial returns, supporting partners with advisory and governance services, and influencing the industry to focus on the obstacles and solutions on the path to financial inclusion.

**Stakeboat Capital:**

Stakeboat Capital is a private equity fund focused on small and medium enterprises in the healthcare, enterprise technology, manufacturing, financial services and consumer led businesses. The Fund was launched in 2016 by professionals with deep experience in the PE industry as entrepreneurs and investors, transforming growth stage companies into firms with market capitalization in excess of USD 9 Billion. Stakeboat Capital seeks to invest INR 200 - 500 million for significant shareholding in companies with revenue between INR 500 - INR 2500 million, profitable and are operated by a talented entrepreneurial team. Stakeboat Capital Fund I is backed by marquee institutions such as Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD) and Biotechnology Industry Research Assistance Council (BIRAC).